

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

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In re: EPHEDRA PERSONAL INJURY : 04 M.D. 1598 (JSR)  
LITIGATION :  
: ORDER

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PERTAINS TO ALL CASES

JED S. RAKOFF, U.S.D.J.

The Court has been advised by BALL BAKER LEAKE, LLC, accountants for the Plaintiffs' Common Funds held by the Clerk pursuant to Case Management Order No. 7 ¶ 2(a), that the Funds earned \$196,048 in interest during 2007 and will owe federal income tax of \$14,620.00 payable on March 17, 2008. The accountants state that the Funds will also owe \$19,000 in estimated tax for 2008. Accordingly, the Clerk is directed to issue two checks to the order of the United States Treasury in the amounts of \$14,620.00 and \$19,000.00 and send them by trackable mail or courier to Janice Page CPA, BALL BAKER LEAKE LLC, 122 East 42nd Street, New York, NY 10168, and Ms. Page is directed to forward the checks to the Internal Revenue Service together with the Funds' 2007 tax return and declaration of estimated tax due. These payments are to be disbursed from the Ephedra Plaintiffs' Common Expense Fund.

SO ORDERED.

  
JED S. RAKOFF, U.S.D.J.

Dated New York, New York  
February 15, 2008

USDC SDNY  
DOCUMENT  
ELECTRONICALLY FILED  
DOC #: 2-26-08  
DATE FILED: 2-26-08

**1120-SF**Form (Rev. February 2007)  
Department of the Treasury  
Internal Revenue Service**U.S. Income Tax Return for Settlement Funds  
(Under Section 468B)**

OMB No. 1545-1394

For calendar year 2007

Please Type or Print	Name of fund <b>EPHEDRA PLAINTIFF'S COMMON BENEFIT FUNDS</b>	Employer identification number of fund (see instructions) <b>20 2037564</b>
	Number, street, and room or suite no. (If a P.O. box, see instructions.) <b>C/O BALL BAKER LEAKE LLC, 122 E 42ND ST, SUITE #810</b>	
	City or town, state, and ZIP code <b>NEW YORK, NEW YORK 10168</b>	
	Name and address of administrator (defined on page 3 of the instructions) <b>JAMES NISS, SPECIAL MASTER; JAMES.NISS@VERIZON.NET</b>	
	Check applicable boxes: (1) <input type="checkbox"/> Final return (2) <input type="checkbox"/> Name change (3) <input type="checkbox"/> Address change (4) <input type="checkbox"/> Amended return	

**Part I Income and Deductions (see instructions)**

Income	1 Taxable interest . . . . .	1 196,048 00
	2 Dividends . . . . .	2
	3 Capital gain net income (attach Schedule D (Form 1120)) . . . . .	3
	4 Items of income or gain from a partnership interest . . . . .	4
	5 Other income (attach schedule) . . . . .	5
	<b>6 Gross Income.</b> Add lines 1 through 5 . . . . .	<b>6 196,048 00</b>
Deductions	7 Trustee/administrator fees. . . . .	7 117,924 00
	8 Taxes . . . . .	8
	9 Accounting and legal services (attach schedule) . . . . .	9 14,916 00
	10 Notification of claimants and claim processing expenses . . . . .	10
	11 Other deductions (attach schedule). . . . .	11 9,721 00
	12 Net operating loss deduction . . . . .	12
	<b>13 Total deductions.</b> Add lines 7 through 12 . . . . .	<b>13 142,561 00</b>

**Part II Tax Computation (see instructions)**

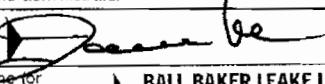
14	<b>Modified gross income.</b> Subtract line 13 from line 6 . . . . .	14 53,487 00
	<b>15 Total tax.</b> Enter 35% of line 14 . . . . .	15 18,720 00
<b>16 Credits and payments:</b>		
a Overpayment from prior year allowed as a credit . . . . .	16a 4,100 00	
b Current year estimated tax payments . . . . .	16b	
c Refund of overpaid estimated tax applied for on Form 4466 . . . . .	16c	
d Subtract line 16c from the total of lines 16a and 16b. . . . .	16d 4,100 00	
e Tax deposited with Form 7004 . . . . .	16e 0 00	
f Total credits and payments (add lines 16d and 16e) . . . . .	16f 4,100 00	
17 Estimated tax penalty (see page 4 of instructions). Check if Form 2220 is attached ► <input type="checkbox"/>	17	0 00
18 <b>Tax due.</b> If the total of lines 15 and 17 is more than line 16f, enter amount owed . . . . .	18 14,620 00	
19 <b>Overpayment.</b> If line 16f is more than the total of lines 15 and 17, enter amount overpaid . . . . .	19	
20 Enter amount of line 19 you want: <b>Credited to next year's estimated tax</b> ► _____ <b>Refunded</b> ► _____	20	

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

**Sign Here**

► Signature of fund administrator Date Title

May the IRS discuss this return with the preparer shown below (see instructions)?  Yes  No

Paid Preparer's Use Only	Preparer's signature 	Date <b>2/23/08</b>	Check if self-employed <input type="checkbox"/>	Preparer's SSN or PTIN
	Firm's name for yours if self-employed, address, and ZIP code ► <b>BALL BAKER LEAKE LLC</b> <b>122 E 42ND STREET, #810, NY, NY 10168</b>	EIN 14 1845945		Phone no. ( 212 ) 661-1630

<b>Schedule L Balance Sheets</b>		<b>(a) Beginning of year</b>	<b>(b) End of year</b>
	<b>Assets</b>		
1	Cash	1 2,772,297	10,101,837
2	U.S. Government obligations	2	
3	State and local government obligations	3	
4	Other investments (attach schedule)	4	
5	Other assets (attach schedule)	5 11,414	16,025
6	Total assets. Add lines 1 through 5	6 2,783,711	10,117,862
	<b>Liabilities and Fund Balance</b>		
7	Liabilities	7 16,852	142,350
8	Fund balance	8 2,766,589	9,975,512
9	Total. Add lines 7 and 8	9 2,783,711	10,117,862

<b>Additional Information</b>		<b>Yes</b>	<b>No</b>
<b>1a</b>	Enter the amount of cash and the fair market value of property, valued at the date of the transfer, transferred to the fund during the tax year	\$ 7,313,786	
<b>b</b>	For transfers of property included on line 1a, attach a copy of each qualified appraisal and the statements received from a transferor under Regulations sections 1.468B-3(b) and 1.468B-3(e).	►	
<b>c</b>	Were amounts transferred to the fund during the tax year by a person other than a transferor?	►	
<b>2</b>	Enter the amount of tax-exempt interest received or accrued during the tax year	\$	
<b>3a</b>	Were direct and indirect distributions made to claimants during the tax year?	►	
<b>b</b>	If "Yes," enter the amount of the total distributions.	\$	
<b>4a</b>	Did the fund make any distributions (including deemed distributions) to a transferor or related party during the tax year?	►	
<b>b</b>	If "Yes," enter the amount of the total distributions and attach a statement showing the name, identifying number, and the amount of distributions to each transferor or related party.	\$	
<b>5a</b>	Check the type of liability (or liabilities) for which the fund was established.		
<input checked="" type="checkbox"/>	Tort		
<input type="checkbox"/>	Breach of Contract		
<input type="checkbox"/>	Violation of Law		
<input type="checkbox"/>	CERCLA		
<input type="checkbox"/>	Other		
<b>b</b>	If "Other" is checked, enter the percent (by value) of the assets of the fund that are allocated to the "Other" liability Attach a statement describing the type of liability (or liabilities).	► %	
<b>6</b>	If the fund was established by a court order, enter the Court Order Number under which the fund was established		

**EPHEDRA PLAINTIFF'S COMMON BENEFIT FUNDS**  
**EIN# 20-2037564**  
**2007 FORM 1120-SF**  
**ACCOUNTING SERVICES**

**Page 1, Part I, Line 9:**

**Ball Baker Leake LLC**

Fees paid in 2007	\$ 12,384
Fees accrued in 2007	<u>2,533</u>
Total 2007 fees	<u>\$ 14,916</u>

**EPHEDRA PLAINTIFF'S COMMON BENEFIT FUNDS**  
**EIN# 20-2037564**  
**2007 FORM 1120-SF**  
**OTHER DEDUCTIONS**

**Page 1, Part I, Line 11:**

Telephone	\$ 223
Postage & Delivery	354
Meeting	1,067
Meals & Entertainment	599
Travel	7,760
Internet	17
	<hr/>
Less: 50% Meals & Entertainment	10,020 <hr/> <u>(299)</u>
Total Other Deductions	<hr/> <u>\$ 9,721</u>

**EPHEDRA PLAINTIFF'S COMMON BENEFIT FUNDS  
EIN# 20-2037564  
2007 FORM 1120-SF  
OTHER ASSETS**

**Page 2, Schedule L, Line 5:**

Reimbursement of Special Master's fees	\$ 2,247
Due from IRS	13,260
Interest Due from IRS	<u>518</u>
<b>TOTAL OTHER ASSETS</b>	<b>\$ <u>16,025</u></b>

EPHEDRA PLAINTIFF'S COMMON BENEFIT FUNDS  
EIN# 20-2037564  
2007 FORM 1120-SF  
LIABILITIES

Page 2, Schedule L, Line 7:

Accrual:

Accounting Fees	\$	2,533
Special Masters Fees		8,077
Admin Fees		107,100
Admin Expenses		<u>10,020</u>
		127,730
Taxes		<u>14,620</u>
<b>TOTAL LIABILITIES</b>	<b>\$</b>	<b><u>142,350</u></b>